IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

GALLEON S.A., BACARDI-MARTINI U.S.A., INC., and BACARDI & COMPANY LIMITED, Petitioners, -against- HAVANA CLUB HOLDINGS, S.A. and HAVANA RUM & LIQUORS, S.A. d/b/a H.R.L., S.A., Respondents.	Cancellation No. 24,108

PETITIONERS' MEMORANDUM OF LAW IN SUPPORT OF ITS MOTION TO STRIKE RESPONDENTS' MOTION FOR PURPORTED ORDER TO SHOW CAUSE AND FOR ENTRY OF DEFAULT JUDGMENT

I. INTRODUCTION

Respondents, Havana Club Holdings, S.A. ("HCH") and Havana Rum & Liquors, S.A. ("HRL"), are joint-venture companies owned equally by Pernod Ricard, S.A. and the Cuban government. HCH and HRL, having been caught red-handed in a fraud attempted on the U.S. government that cost HCH putative title to the HAVANA CLUB trademark for rum in the United States, for years now have resorted to every stratagem within their power to prevent the merits of the above cancellation proceeding from being reached. The motive for their foot-dragging is transparent – no defense exists to cancellation of the federal registration of the HAVANA CLUB mark, as the failure of the purported owner, Cubaexport, to file the mandatory Section 8 affidavit necessary to maintain that registration is indisputable.

Moreover, Cubaexport, a Cuban governmental trading company, has refused from the outset to submit to the jurisdiction of the U.S. courts or the Trademark Trial & Appeal Board ("TTAB"). Cubaexport has refused to acknowledge the power of the U.S. courts to decide the question of the ownership of U.S. trademarks and has steadfastly, contrary to the Lanham Act, refused to appoint a registered representative in connection with the HAVANA CLUB registration in the United States.

Throughout the long history of the federal court litigation that led up to the instant cancellation proceeding, the Castro regime (which seized at gun point the HAVANA CLUB rum distillery and the HAVANA CLUB mark from its original owner, Jose Arechabala, S.A.) has endeavored to intimidate witnesses, has threatened U.S. trademark owners, and has derided the U.S. court system in an effort to forestall justice from being done in this case. Now, without any basis in law, respondents have sought once again to stop this proceeding in its tracks with a tawdry and utterly unfounded claim that the Government in the Sunshine Act, 5 U.S.C. § 557(d)(1) (the "Sunshine Act") was violated.

II. ARGUMENT

A. The Sunshine Act Charge Is Yet Another Red Herring Respondents Have Resorted To In Order To Avoid Acknowledging No Defense Exists, On The Merits, To Cancellation Of The Stolen HAVANA CLUB Registration

The Sunshine Act, by its terms, does not apply to the U.S. Patent and Trademark Office. Respondents cite no precedent supporting the application of the Sunshine Act here.[1] Contact with Board personnel is governed by the TTAB's procedural rules, not the Sunshine Act. James E. Rogan, to whom the June 13 letter was addressed, is not a member of the TTAB nor is he an administrative law judge or Board employee. Indeed, even if the Sunshine Act were assumed to apply for the sake of argument, no violation occurred. Mr. Rogan rightly took the June 13 letter as a status inquiry and responded as was appropriate with a recitation of the procedural status of the matter. He received, in return, a thank you note for his courtesy, acknowledging that the status information was what the inquiry sought. Furthermore, no adversary proceeding was pending at the time Mr. Rogan received the letter.

Should this proceeding be resumed, Mr. Rogan will have no say in the TTAB's decision of that proceeding, and the appeal, if any, will be directly to the Court of Appeals for the Federal Circuit. Indeed, the TTAB has already ruled that upon resumption of the proceeding, respondents must finally respond on the merits. Accordingly, respondents have sunken to this tawdry argument under the Sunshine Act to put off yet again dealing with the merits and at the same time to besmirch senior government officials in a time of crisis.[2]

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1 The cases cited by respondents in their brief at footnote 4 are entirely inapposite. Not a single case cited involves a proceeding before the TTAB.

2 It is ironic that entities operating in Cuba and owned, in part, by the Cuban government invoke the Sunshine Act for relief herein.

1) The U.S. Patent And Trademark Office Is Not An "Agency" Within The Meaning Of The Sunshine Act

The term agency for purposes of the Sunshine Act means an agency that is headed by "a collegial body composed of two or more individual members, a majority of whom are appointed to such position by the President with the advice and consent of the Senate." *See* 5 U.S.C. § 552b(a)(1). The Sunshine Act does not apply to the Department of Commerce, of which the U.S. Patent and Trademark Office is a part, because the Department of Commerce is headed by a single person, not a collegial body. *See Parravano v. Babbitt*, 837 F. Supp. 1034, 1048 (N.D. Cal. 1993), *aff'd*, 70 F.3d 539 (9th Cir. 1995), *cert. denied*, 518 U.S. 1016 (1996).

The U.S. Patent and Trademark Office is subject to the policy direction of the Secretary of Commerce, *see* 35 U.S.C. § 2(a), and the powers and duties of the U.S. Patent and Trademark Office are vested in a single individual, the Undersecretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office (the "Director"). Accordingly, because the U.S. Patent and Trademark Office is not run by a collegial body, but rather by the Director, the Sunshine Act does not apply.

2) Gov. Bush's Letter Inquiring As To The Status Of The "HAVANA CLUB" Registration Is Perfectly Appropriate Under Rule 105 (37 CFR § 10.93(b))

The Sunshine Act does not set the standard governing contacts with "Board Personnel." That standard is set out in the TTAB's procedural rules. Rule 105 provides in full:

> **105 Contact with Board Personnel**
>
> 37 CFR 10.93(b)[3]. In an adversary proceeding, including any inter partes proceeding before the Office, a practitioner shall not communicate, or cause another to communicate, **as to the merits of the cause with a judge, official, or Office employee before whom the proceeding is pending**, except:

[3] Respondents' brief omitted salient portions of this Section and intimated wrongly that it was enacted pursuant to the Sunshine Act.

(1) In the course of official proceedings in the cause.

(2) In writing if the practitioner promptly delivers a copy of the writing to opposing counsel or to the adverse party if the adverse party is not represented by a practitioner.

(3) Orally upon adequate notice to opposing counsel or to the adverse party if the adverse party is not represented by a practitioner.

(4) As otherwise authorized by law.

Parties or their attorneys or other authorized representatives may telephone the Board, or come to the offices of the Board, to inquire about the status of a case or to ask for procedural information, but not to discuss the merits of a case or of any particular issue. The telephone number of the Board is (703) 308-9300. If an inquiry involves a particular case, the person making the inquiry should be prepared to give the number of the proceeding or application in question. (emphasis added)

a) Mr. Rogan Is Not A Judge Or Board Employee Before Whom An Adversary Proceeding Was Pending

Mr. Rogan, the recipient of the June 13 letter is not a member of the TTAB. Nor is he an "administrative law judge or other employee who is or may reasonably be expected to be involved in the decisional process of [the instant] proceeding." *See* 5 U.S.C. § 557(d)(1); *see also* 37 CFR 10.93(b). The letter in question was sent to him in his official capacity as director and inquired as to the status of the cancellation. At that time, the Court of Appeals for the Federal Circuit was the body that was to decide on the cancellation, and in the event the matter returned to the TTAB, there was no reason for Mr. Rogan to participate in any decision of that tribunal.

b) No Proceeding Was Pending On The June Date Of The Letter Inquiry

There was no adversary proceeding pending before the TTAB on June 13, 2002, the date of the inquiry from Governor Bush's office as to the status of the HAVANA CLUB registration. The Board had suspended the cancellation proceeding on March 15, 2002 because

an appeal was then pending before the U.S. Court of Appeals for the Federal Circuit, which the TTAB had determined might be dispositive of the issues raised in the cancellation. Since no adversary proceeding was before the Board on the date of the alleged *ex parte* communication, no violation of Rule 105 could have occurred.

3) An Inquiry As To The Status Of A Proceeding Is Proper In Any Event

The Sunshine Act's definition of an "ex parte communication" expressly excludes a request for a status report. *See* 5 U.S.C. § 551(14). Mr. Rogan's response unequivocally shows the letter was interpreted as an appropriate request for "the status of the HAVANA CLUB registration." His response merely set out the status of the matter which was all a matter of public record. Accordingly, the June 13 letter violates neither the Sunshine Act nor any TTAB rule.

B. Respondents Should Be Defaulted

Respondents have not advanced a single reason on the merits why the cancellation proceeding should not be resumed, Cubaexport joined, and summary judgment granted to petitioners. Indeed, to date, Cubaexport, which was represented by Proskauer Rose LLP formally in connection with the original motion seeking an extension of time to respond to petitioners' summary judgment motion has conspicuously not appeared on these latest papers, although no new counsel has been substituted for Proskauer. Cubaexport has also refused to submit to the jurisdiction of the U.S. courts in this matter and has, as the Board can judicially notice, refused to appoint a registered agent for service of process. Accordingly, Cubaexport should be defaulted and its purported registration cancelled forthwith.

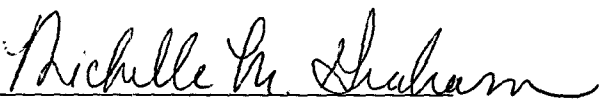
III. CONCLUSION

Based on the foregoing, respondents' motion pursuant to the Sunshine Act should be stricken, Cubaexport should be defaulted and its registration cancelled.

Date: September 25, 2002

Respectfully submitted,

KELLEY DRYE & WARREN LLP

By: 

William R. Golden, Jr.
Michelle M. Graham
101 Park Avenue
New York, New York 10178
(212) 808-7800
Attorneys for Petitioners Galleon S.A., Bacardi-Martini U.S.A., Inc. and Bacardi & Company Limited

CERTIFICATE OF MAILING

EXPRESS MAIL LABEL NO.: ET873906424US

DATE OF DEPOSIT: September 25, 2002

The undersigned hereby certifies that on September 25, 2002 a copy of the foregoing PETITIONERS' MEMORANDUM OF LAW IN SUPPORT OF ITS MOTION TO STRIKE RESPONDENTS' MOTION FOR PURPORTED ORDER TO SHOW CAUSE AND FOR ENTRY OF DEFAULT JUDGMENT is being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service under 37 C.F.R. 1.10 on the date indicated above and is addressed to Box TTAB-No Fee, Assistant Commissioner for Trademarks, 2900 Crystal Drive, Arlington, Virginia 22202-3513.

Michelle M. Graham

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on September 25, 2002 a copy of the foregoing has been served upon:

(A) Charles S. Sims, Esq. of Proskauer Rose LLP by depositing a true copy thereof with Federal Express addressed to the aforesaid attorney at 1585 Broadway, New York, New York 10036, the address designated by said attorney for that purpose; and

(B) Empresa Cubana Exportadora de Alimentos y Productos Varios (Cubaexport) by depositing a true copy thereof with DHL Worldwide Express addressed to 55 23rd Street, Vedado Havana, Cuba.

Dated: September 25, 2002

Michelle M. Graham

TTAB

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

101 PARK AVENUE

NEW YORK, NEW YORK 10178

(212) 808-7800

FACSIMILE

(212) 808-7897

www.kelleydrye.com

WASHINGTON, DC
TYSONS CORNER, VA
LOS ANGELES, CA
CHICAGO, IL
STAMFORD, CT
PARSIPPANY, NJ

BRUSSELS, BELGIUM
HONG KONG

AFFILIATE OFFICES
BANGKOK, THAILAND
JAKARTA, INDONESIA
MUMBAI, INDIA
TOKYO, JAPAN

WRITER'S DIRECT LINE
(212) 808-5127

WRITER'S E-MAIL
Mgraham@kelleydrye.com

September 25, 2002

VIA EXPRESS MAIL

Box TTAB - NO FEE
Assistant Commissioner for Trademarks
2900 Crystal Drive
Arlington, Virginia 22202-3513

Re: Galleon, S.A. et al. v. Havana Club Holdings, S.A., et al.,
Cancellation No. 24,108

Dear Sir or Madam:

In connection with the above-captioned cancellation proceeding, we enclose PETITIONERS' MEMORANDUM OF LAW IN SUPPORT OF ITS MOTION TO STRIKE RESPONDENTS' MOTION FOR PURPORTED ORDER TO SHOW CAUSE AND FOR ENTRY OF DEFAULT JUDGMENT.

Kindly acknowledge receipt of same by stamping and returning the enclosed self-addressed postcard.

Sincerely,

Michelle M. Graham

Michelle M. Graham

Enclosures

NY01/GRAHM/769961.1